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ACTUARIES

# Comparison of Solvency and Profitability Ratios of AFM Members

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AFM 2019 Conference



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# Overview

Aims of presentation

Information surveyed

Life Company observations

Non-Life Company observations



# Aims of presentation

Share information with AFM members on solvency and expense ratios of firms

Compare information from last 3 years

Identify any observed trends over the period



# Information surveyed:

36 companies

## SFCR documents

- Premium Claims and Expenses
- SCR/MCR
- Own Funds

## Report and Accounts

- Profit & Loss account
- Notes to the Accounts

2016, 2017 and 2018  
year end

# Information surveyed:

## Comparative information

Expenses Incurred

Split of Expenses – Acquisition, Admin, Staff

Investment Income and Expenses

Written/Earned Premium

Profitability

SCR split and Solvency Ratio



# AFM Savings and Income Protection Providers:

9 Savings Providers

5 Income Protection Providers

Expense information from Report and Accounts

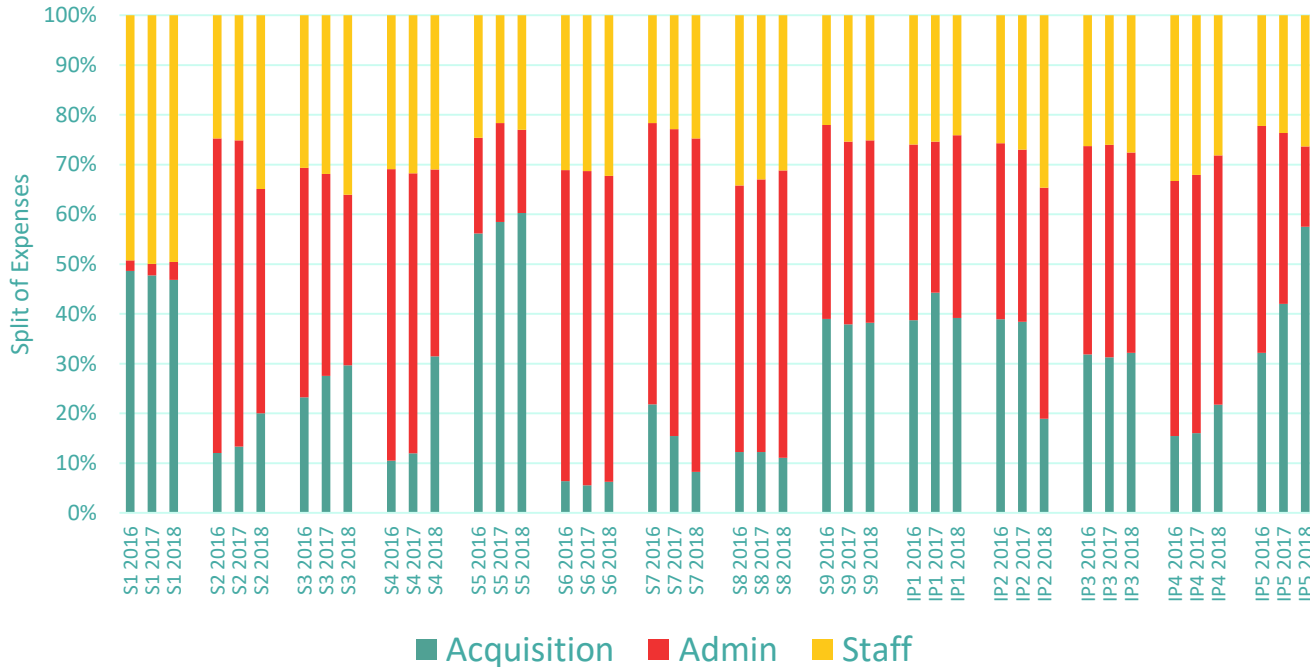
Solvency information from SFCR

Comparisons shown between last three year-ends



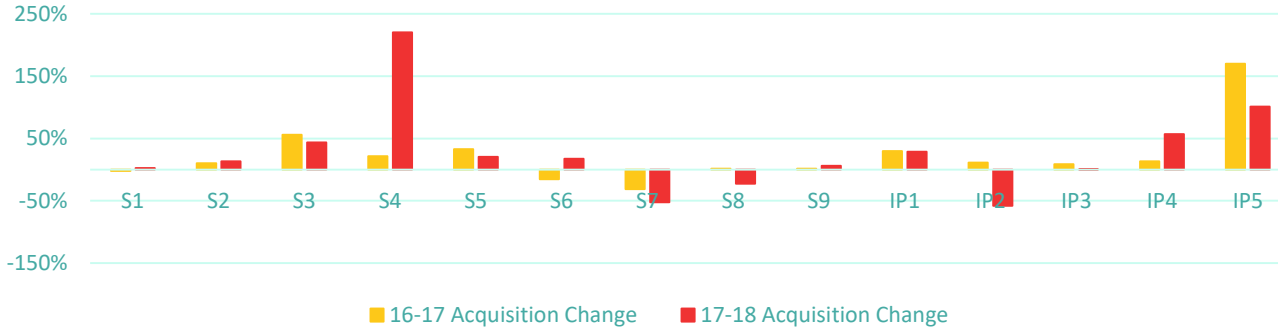
# Savings and IP Expenses

## Split of Expense by Type

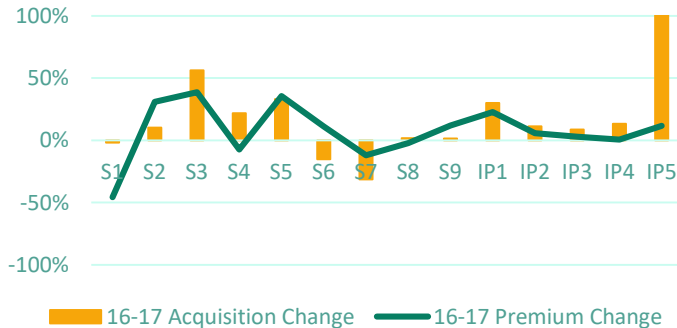


# Acquisition Expenses

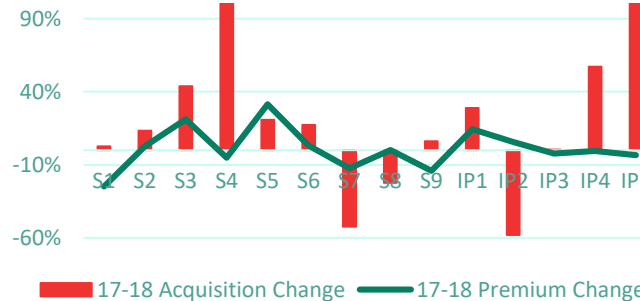
## Change in Acquisition Expenses



## 2016-2017 Premium and Acquisition Expense Change



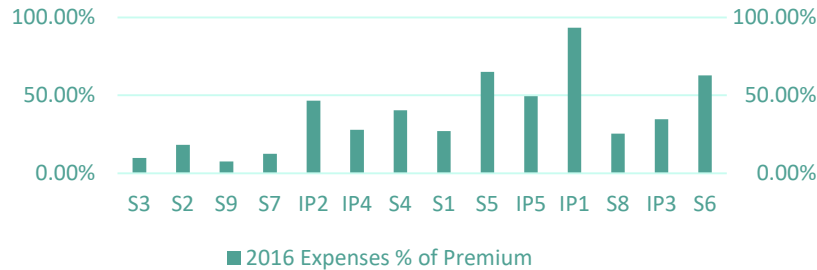
## 2017-2018 Premium and Acquisition Expense Change



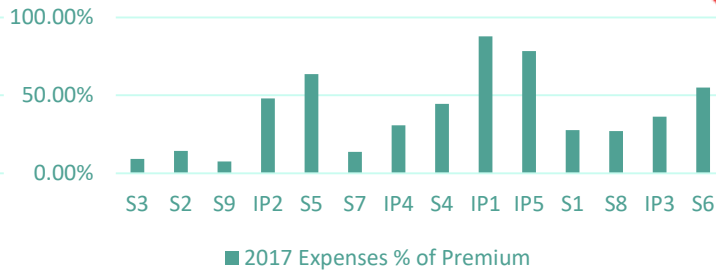


# Economies of Scale?

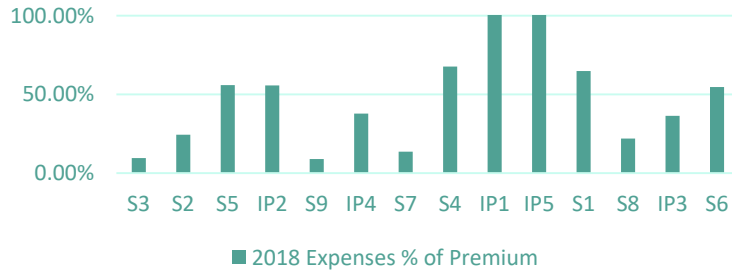
2016 Expenses as % of Premium by Premium Scale (largest insurer on left)



2017 Expenses as % of Premium by Premium Scale (largest insurer on left)

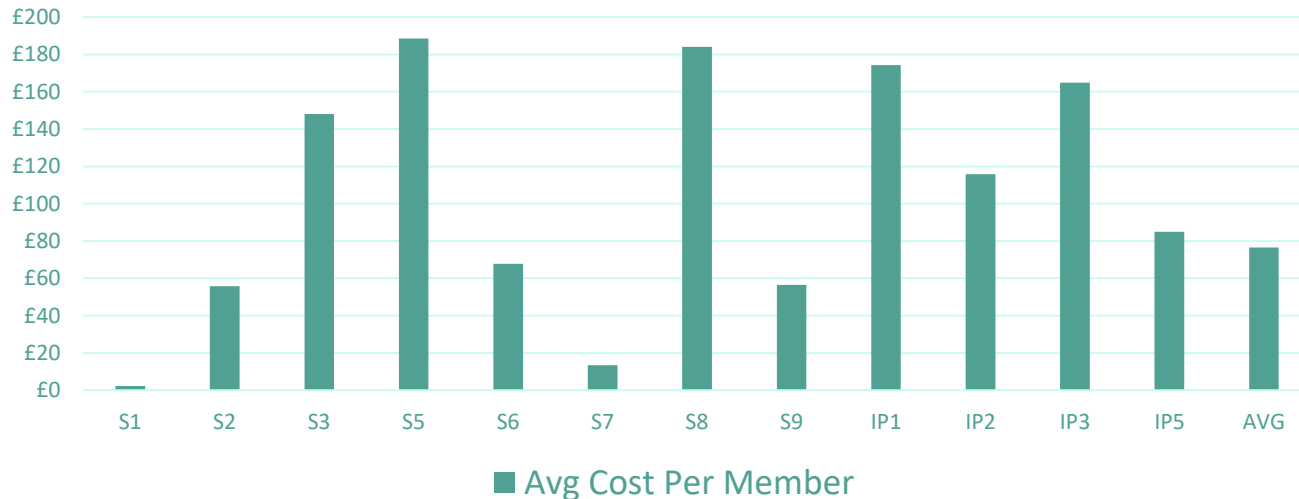


2018 Expenses as % of Premium by Premium Scale (largest insurer on left)



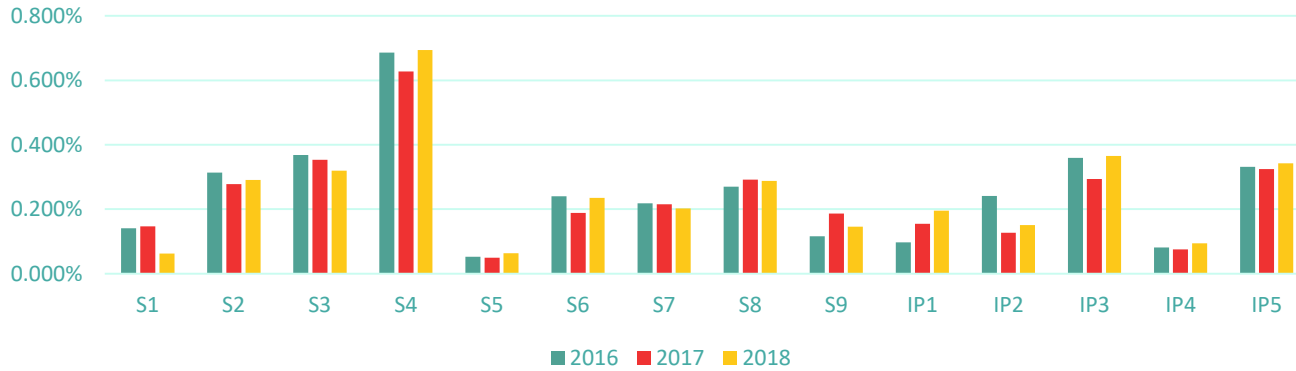
# Administration Expenses

2018 Average Admin Cost Per Member Excluding CTF

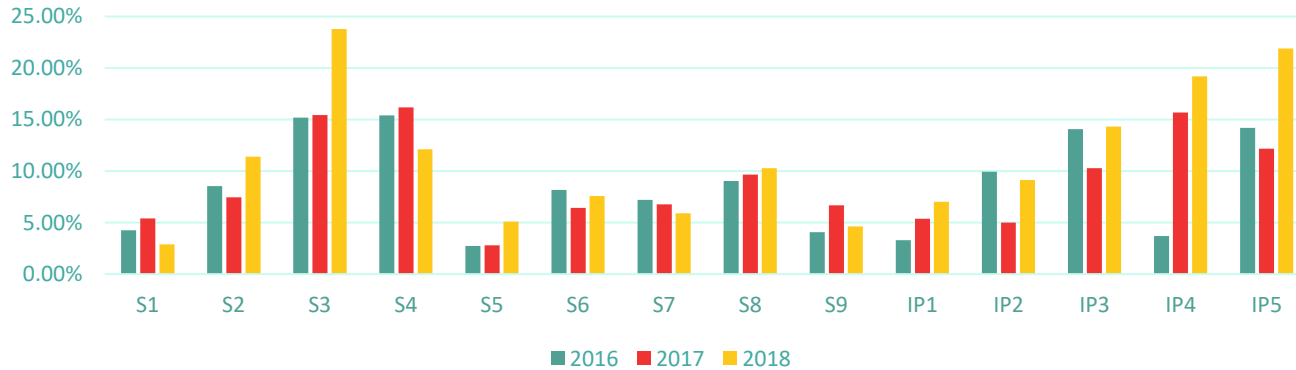


# Investment Performance

2016-2018 Investment Expense as % of FUM

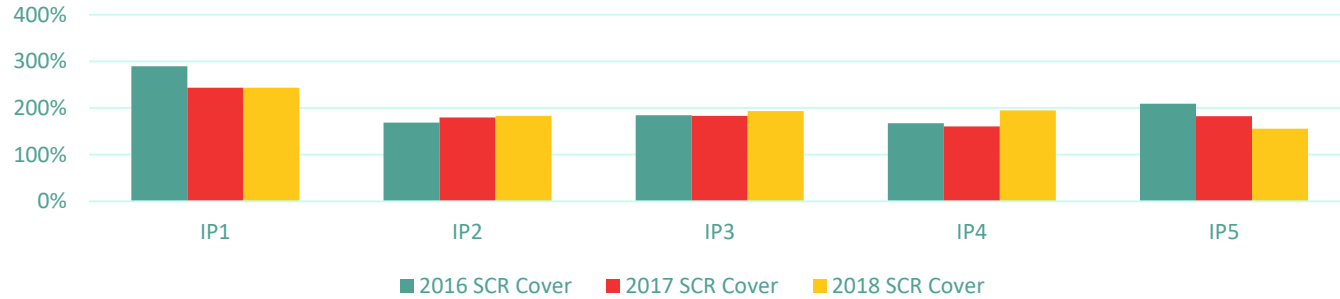


Investment Expenses as % of Investment Income

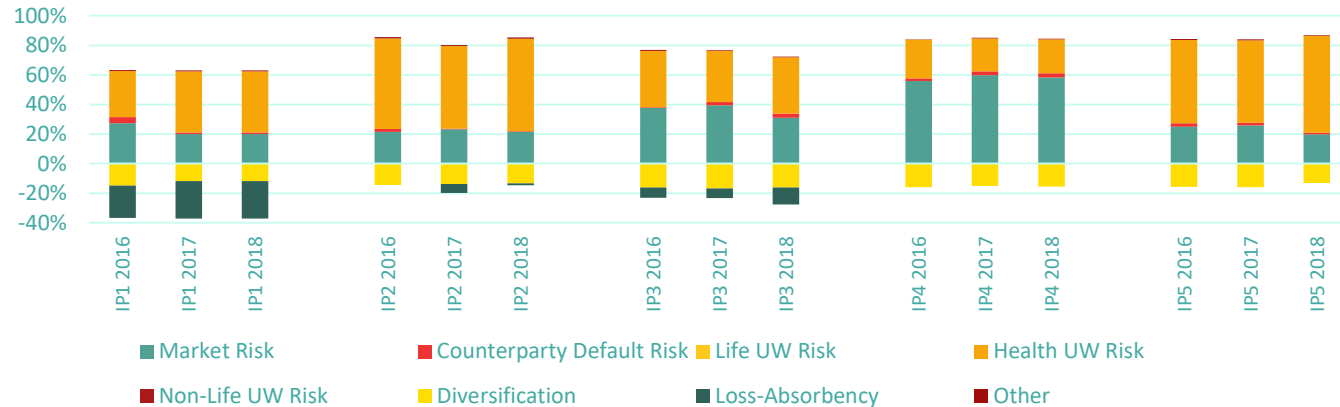


# IP SCR Coverage

## Income Protection SCR Cover

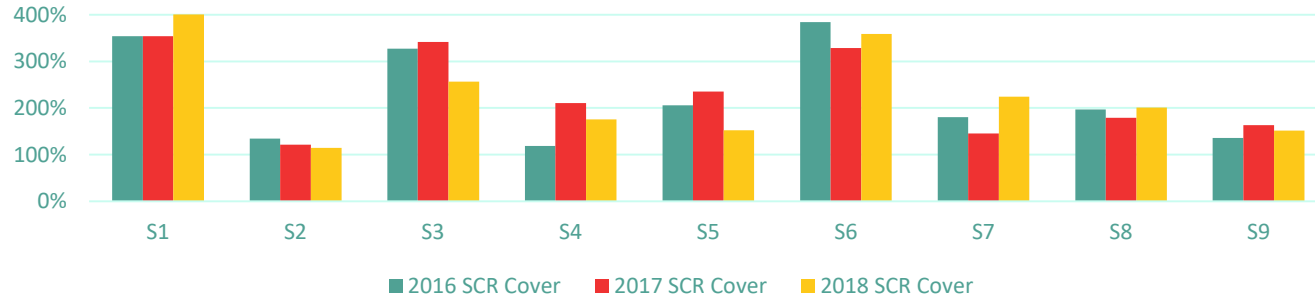


## Income Protection Split of SCR by Risk Type

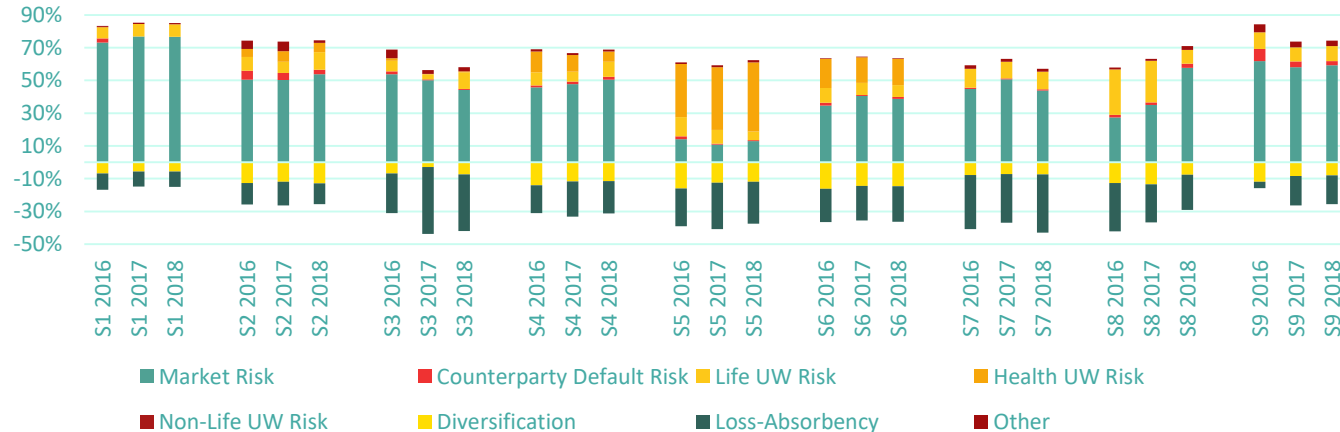


# Savings SCR Coverage

## Life SCR Cover

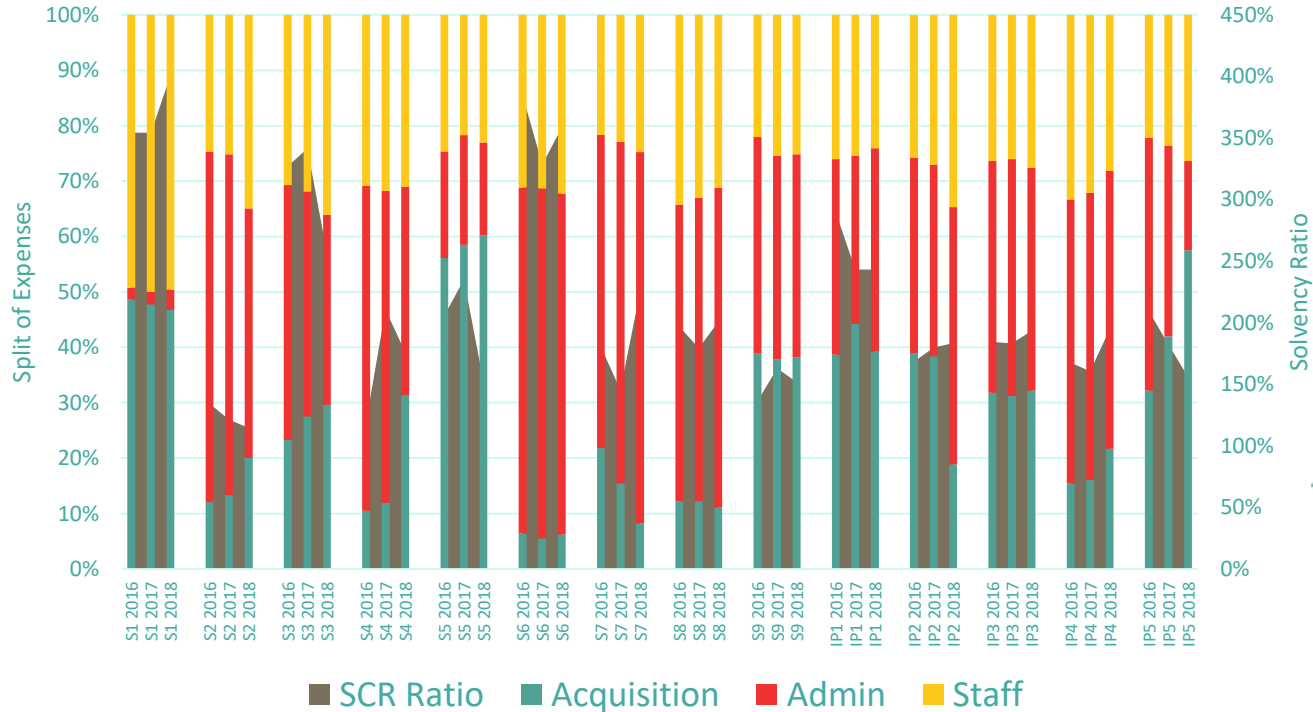


## Savings Split of SCR by Risk Type



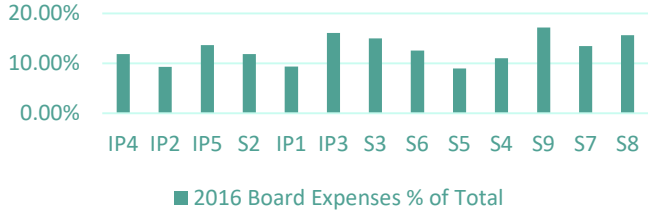
# SCR Coverage and Expenses

## Split of Expense by Type and SCR Coverage

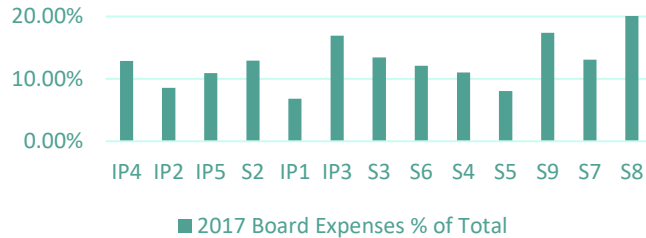


# Board Expenses

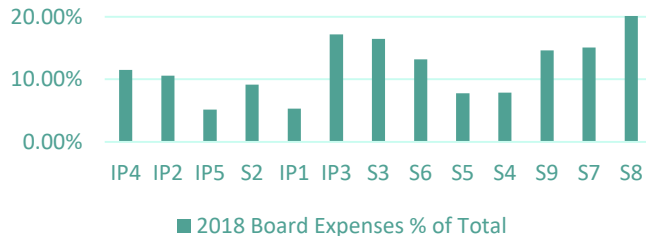
2016 Board Expenses % of Total  
(largest insurer on left)



2017 Board Expenses % of Total  
(largest insurer on left)



2018 Board Expenses % of Total  
(largest insurer on left)



# AFM General Insurers:

6 Cash Plans

3 additional Non-Life Companies

Expense information from Report and Accounts

Solvency information from SFCR

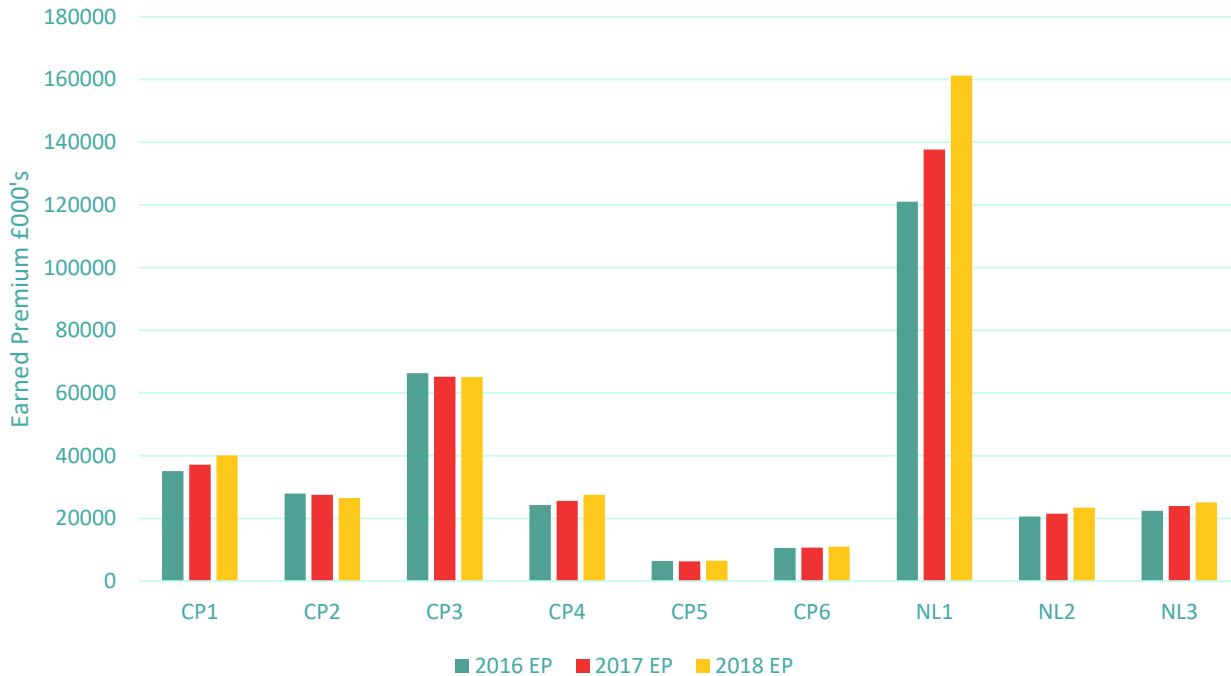
Comparisons shown between last three year-ends





# GI Earned Premium

GI Earned Premium 2016-2018

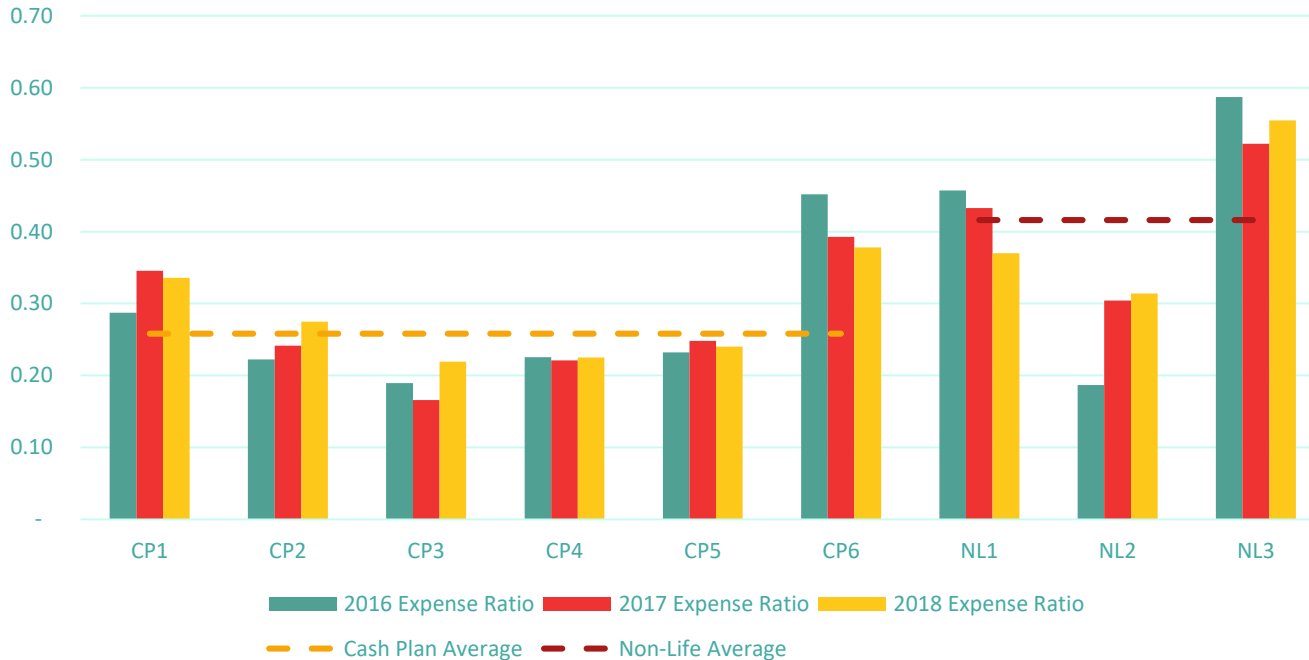


# GI Profitability



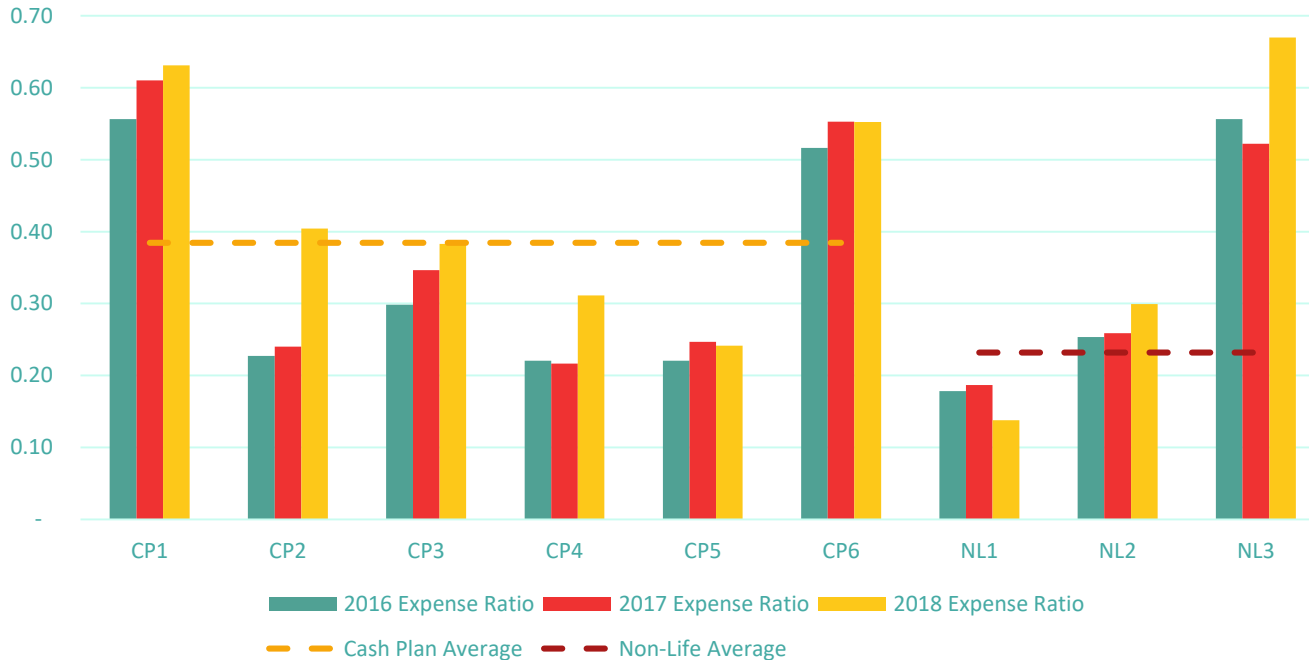
# GI SFCR Expense Ratios

2016-2018 Expense ratios SFCR



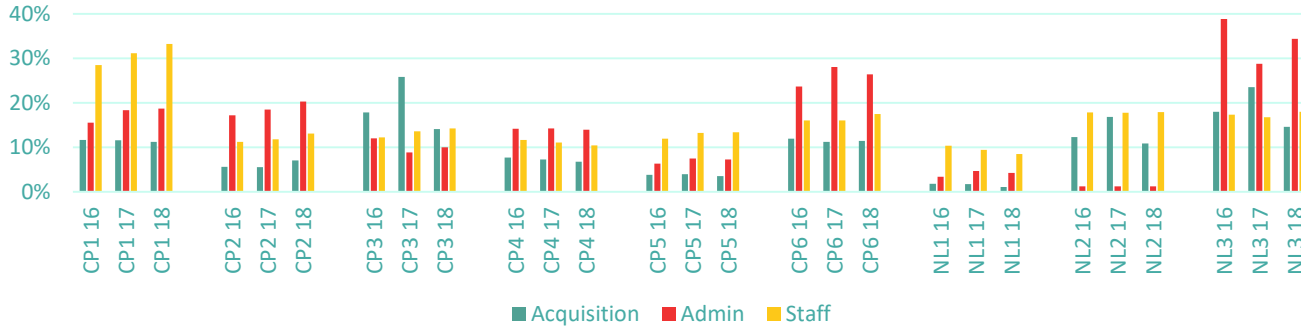
# GI R&A Expense Ratios

2016-2018 Expense Ratios Report & Accounts

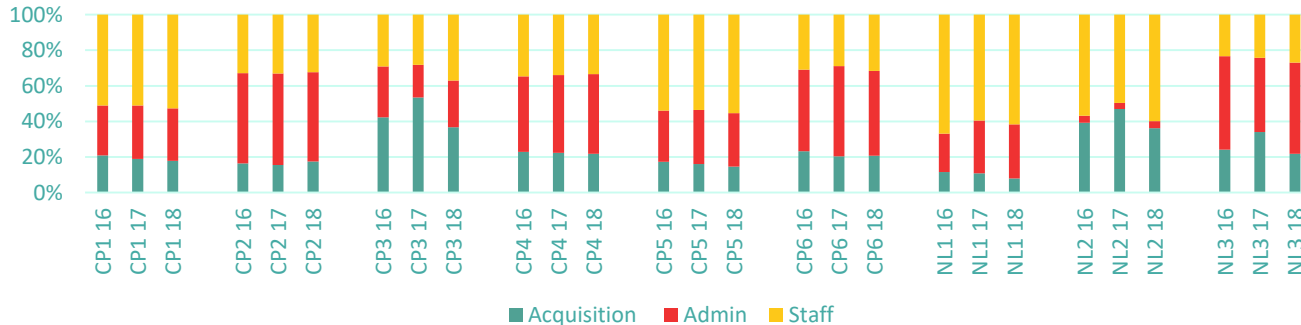


# GI Split of Expenses

Expenses as % of Premium

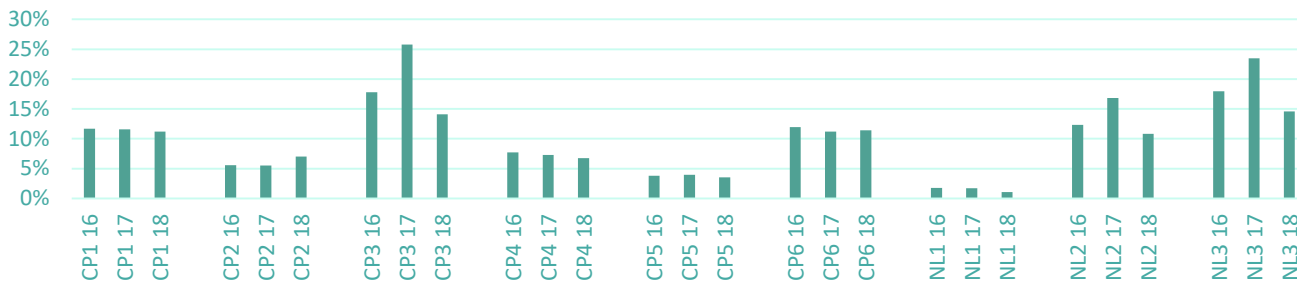


Split of Expenses by Type



# GI Acquisition Expenses

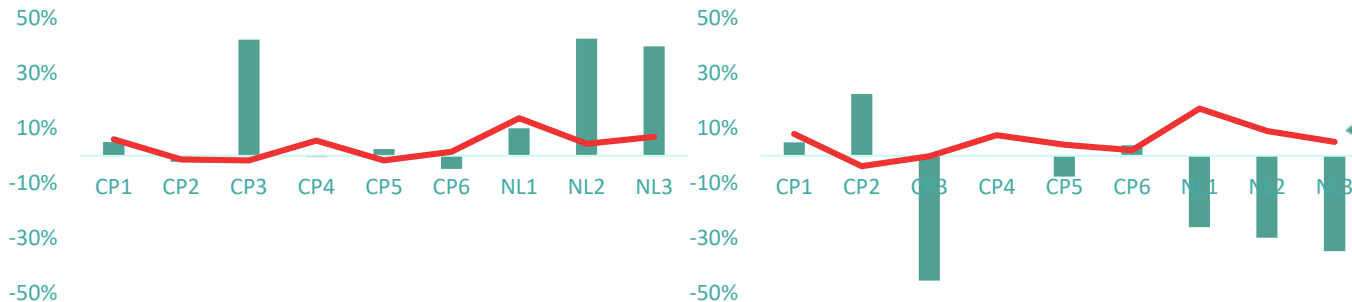
Acquisition % of Premium



2016-2017



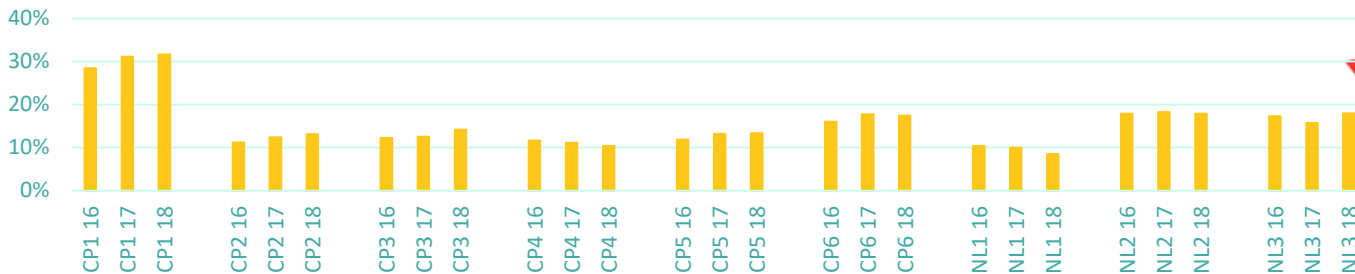
2017-2018



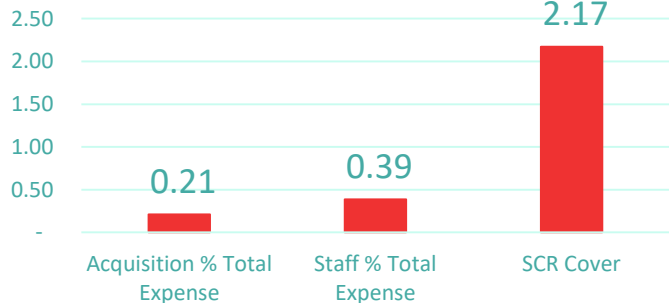
■ 16-17 Acquisition Change   
 — 16-17 Premium Change   
 ■ 17-18 Acquisition Change   
 — 17-18 Premium Change

# GI Staff Expenses

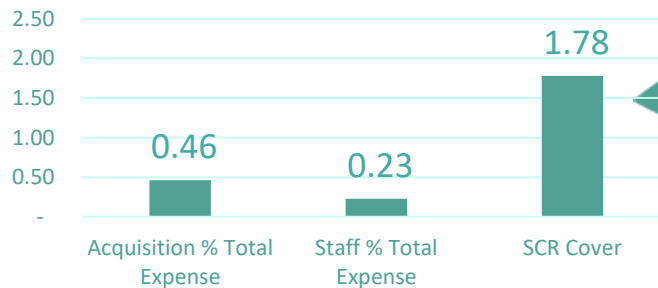
Staff % of Premium



2018 High Staff Cost Insurer Average Expenses and SCR Cover

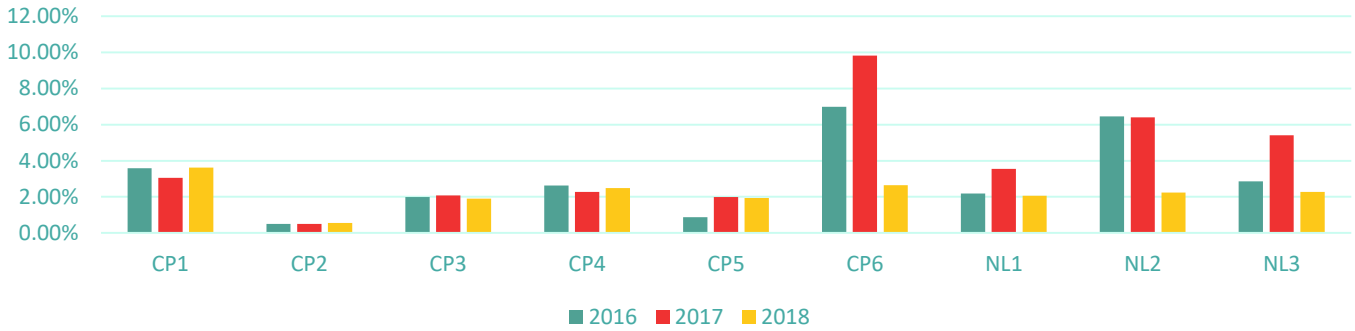


2018 High Acquisition Insurer Average Expenses and SCR Cover

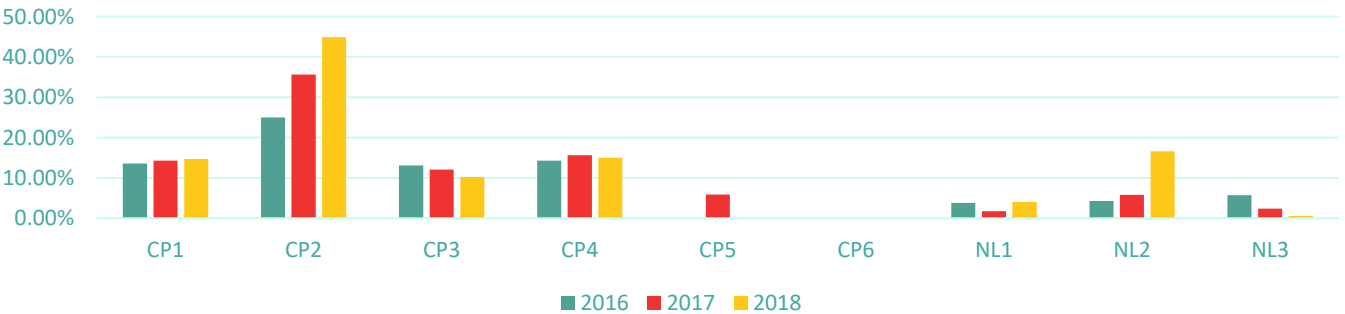


# GI Investment Performance

### Investment Income % of Investment Assets



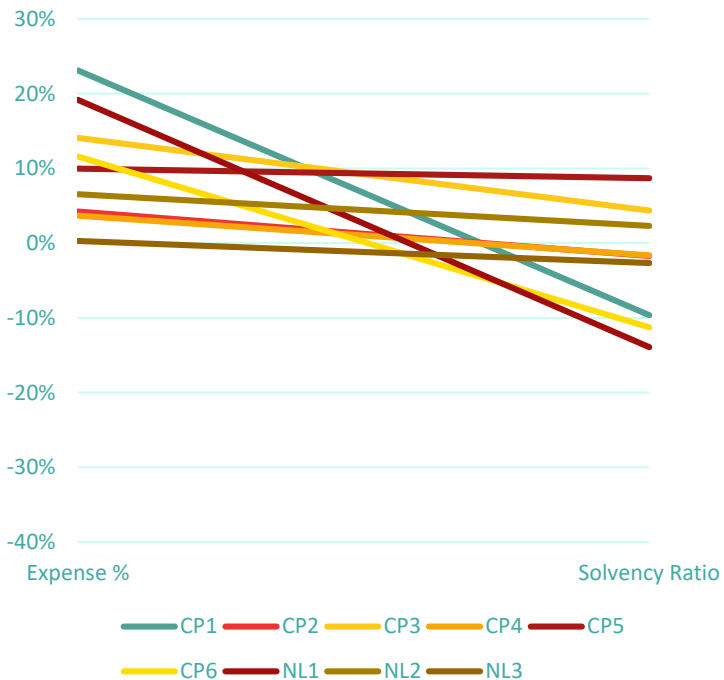
### Investment Expenses % of Investment Income





# Expenses and Solvency Ratio

## 2016-2017 Change in Expenses and Solvency Ratio



## 2017-2018 Change in Expenses and Solvency Ratio



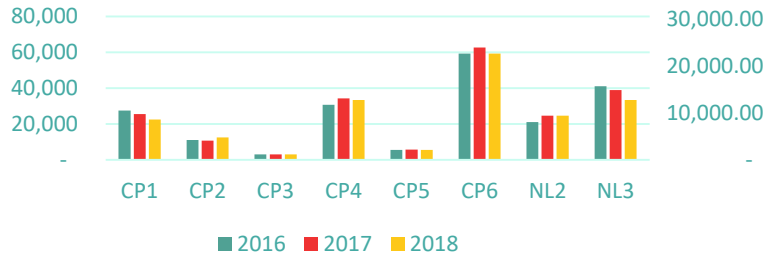
# Solvency Capital Requirement

## SCR Split by Risk Type

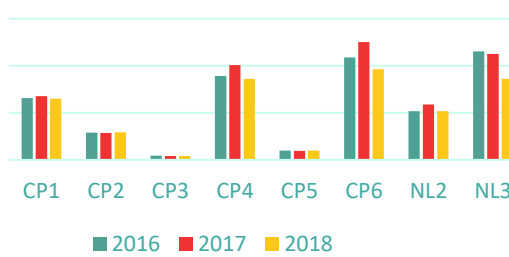


# Solvency Capital Requirement

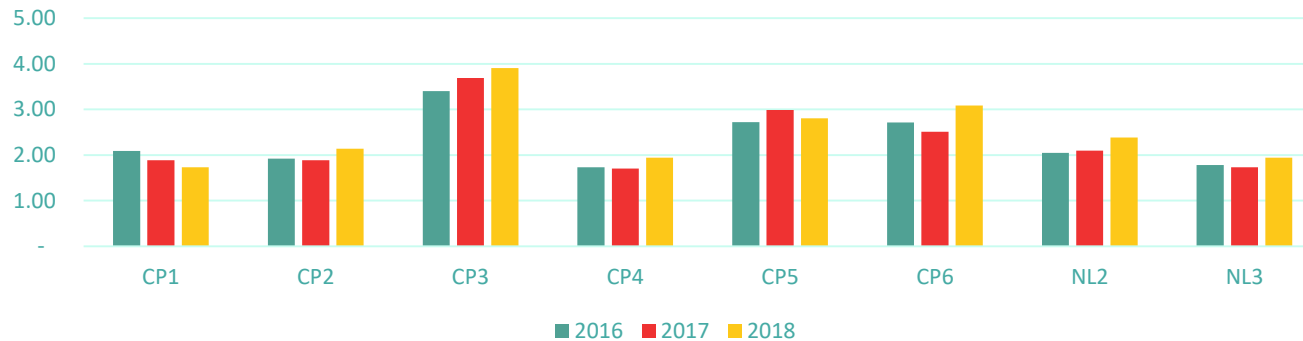
## Own Funds



## SCR



## Solvency Ratio



# What now?

Am I getting value  
from my  
acquisition spend?

Should I look for  
ways to cut costs  
without affecting  
customer  
experience?

How do I plan my  
growth and the  
infrastructure  
necessary?

# Questions

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